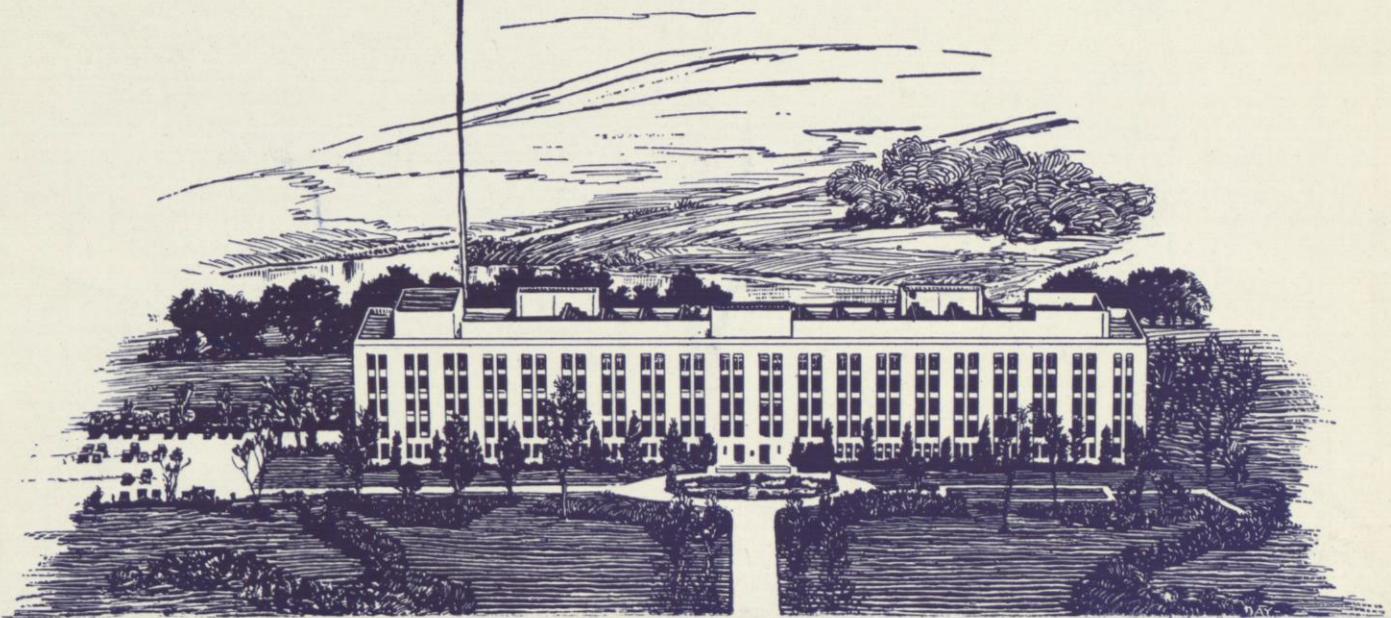


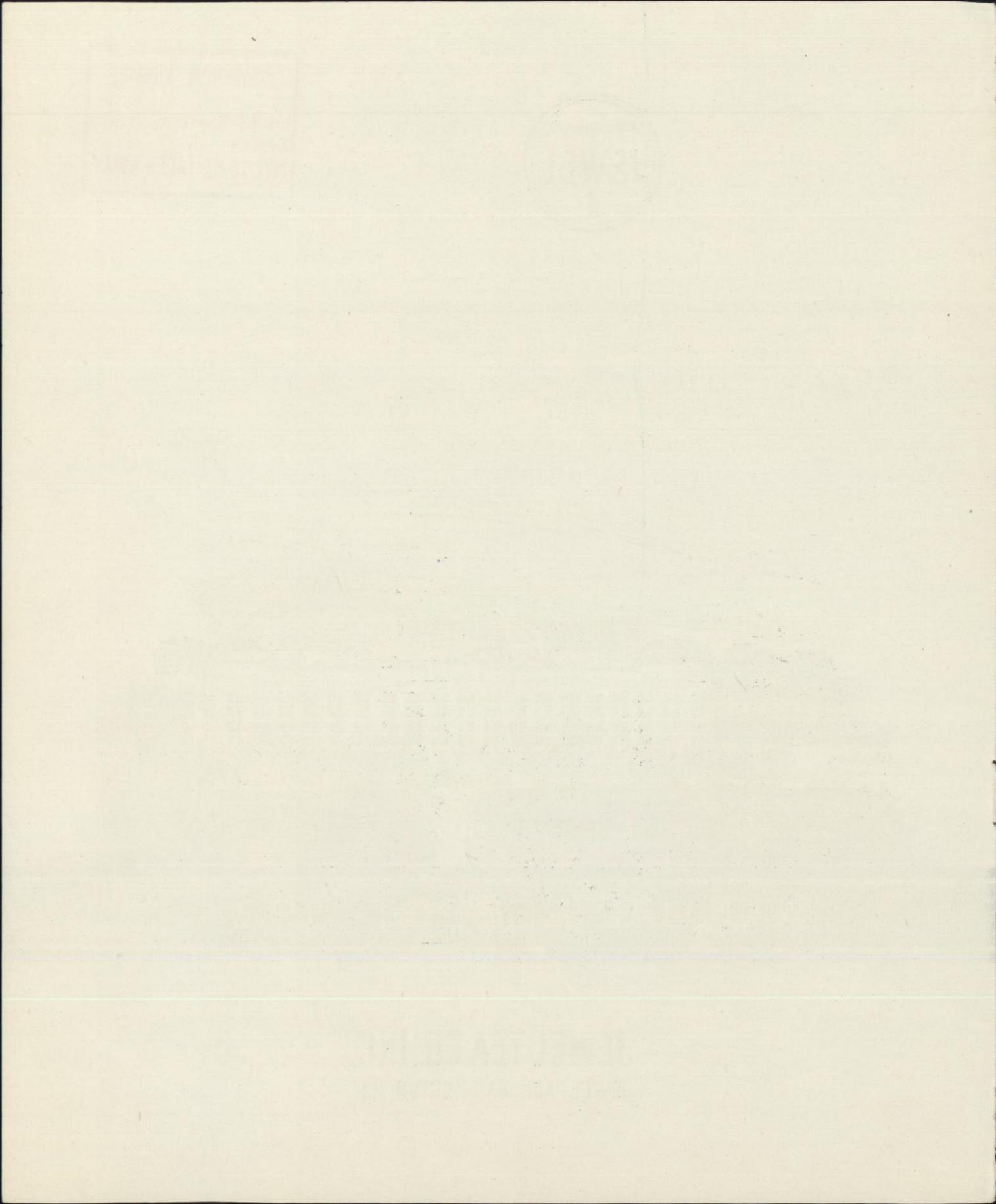


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ANNUAL REPORT—1934

JEWEL TEA CO., INC.
JEWEL PARK, BARRINGTON, ILL.



JEWEL TEA CO., INC.

GENERAL OFFICES
JEWEL PARK
BARRINGTON, ILLINOIS

DIRECTORS:

JOHN M. HANCOCK, *Chairman*

HENRY S. BOWERS
EDWIN GIBBS
M. H. KARKER
F. M. KASCH

C. W. KAYLOR
ARTHUR LEHMAN
WALTER E. SACHS
ROBERT R. UPDEGRAFF

OFFICERS:

JOHN M. HANCOCK

Chairman of the Board of Directors

M. H. KARKER
President

WM. D. SMITH, *Vice Pres.—Public Relations* ROBERT W. MUIR, *Secretary*
ROBERT HILTON, *Vice Pres.—Administration* J. M. FRIEDLANDER, *Treasurer*
F. M. KASCH, *Vice Pres.—Food Stores* A. U. HUNT, *Controller*
C. W. KAYLOR, *Vice Pres.—Sales* F. J. LUNDING, *Asst. Secretary*

TRANSFER AGENT:

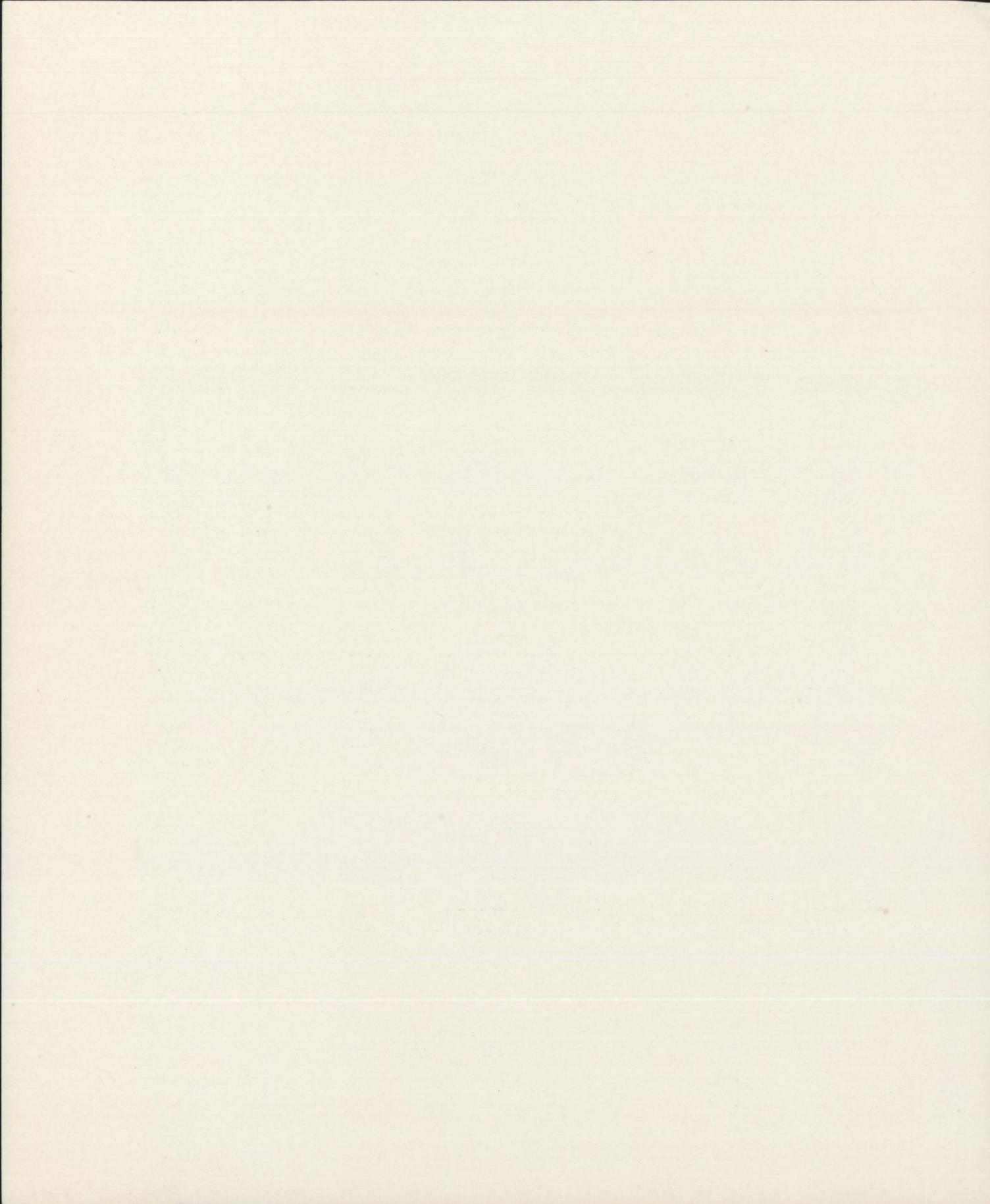
MANUFACTURERS TRUST COMPANY, 55 Broad Street, New York City

REGISTRAR:

THE COMMERCIAL NATIONAL BANK & TRUST COMPANY OF NEW YORK
56 Wall St., New York City

AUDITORS:

TOUCHE, NIVEN & Co., *Public Accountants, New York and Chicago*



JEWEL TEA CO., INC.

JEWEL PARK

BARRINGTON, ILL.

TO THE STOCKHOLDERS:

February 1, 1935

The nineteenth annual report of your company, including the balance sheet and statements of the income and surplus accounts for the fiscal year ended December 29, 1934, is presented herewith.

PROFITS Net profit for the year—after provision for taxes, depreciation and reserves—was \$1,243,123.01 or \$4.44 per share on the 280,000 shares issued, compared with \$909,324.87 in the previous year. Treasury stock at the end of the year, not under contract for sale to employees, totaled 10,431 shares, leaving 269,569 shares outstanding in the hands of the public and on this number of shares earnings for 1934 were at the rate of \$4.61 per share. Improvement over 1933 is largely due to higher sales, advantageous purchases of goods and careful control of expenses.

SALES Total sales amounted to \$17,217,176.94 compared with \$14,377,592.79 in 1933, an increase of 19.75%. An unusual amount of effort was put behind sales during the year, and coffee and tea tonnage was the highest since 1924. The number of operating units was increased by 77 routes and three stores, and eight fresh-meat markets were opened in existing stores. The cost of such developments was charged to current operations.

WORKING CAPITAL Net working capital amounted to \$4,177,490.43 and the ratio of current assets to current liabilities was 4.50 to 1. Marketable securities include the following groups of bonds at market values on December 29, 1934: Federal government obligations \$789,229.65, state and municipal bonds \$262,683.72, industrials, public utilities and others \$496,783.33.

OPERATING EXPENSE In the face of the upward trend in wages and expenses of operation, the ratio of operating expenses to sales was slightly lower than in 1933.

RESERVES Assets have been conservatively valued and reserves have been provided by the application of the same principles in use for many years.

TAXES In 1934 your company paid taxes of \$589,069.52 compared with \$426,897.24 in the previous year, an increase of \$162,172.28, or 37.99%. The present tax bill is 74.84% greater than in 1930 and the increase over ten years ago is 225.57%. Constantly increasing governmental expenditures, as illustrated by the foregoing figures, are placing a heavy burden upon all industry, as well as upon all the people. In spite of the present level of taxation, which has been estimated by competent authorities to take as much as 30% of the annual national income, government continues to require additional revenues and more new taxes are in prospect. The imperative need is for lower, not higher, taxes and for the closest possible approach to balanced public budgets.

WAGE EXTRA A new departure in compensation of employees was the declaration of a "wage extra" by your board of directors on August 22, 1934. All employees (excepting officers and executives) received an additional payment of 5% of the wages earned in the first 28 weeks of the year in recognition of the unusual effort which made possible the increased profits for that period.

EMPLOYEE RELATIONS Management and employees have worked together in harmony and unity, and with singleness of purpose, and these bonds were strengthened during the year by the Employee Representation Plan which was made effective with its adoption by 99% of the employees on April 1, 1934.

SURPLUS Regular dividends at the annual rate of \$3 per share and an extra dividend of \$.50 per share were paid in 1934. The surplus account was closed with a balance of \$1,860,613.18.

The results of the operation of your company for the year 1934 are a further tribute to the devotion, loyalty, and solidarity of the organization. For the results achieved, and for the splendid spirit and effort of the personnel, the management desires to acknowledge its obligation and to express its appreciation and gratitude.

For the Board of Directors:

M. H. KARKER, President

JOHN M. HANCOCK, Chairman

JEWEL TEA

(New York and West)

CONSOLIDATED BALANCE

ASSETS

CURRENT ASSETS:

Cash on hand, demand and time deposits.....	\$1,014,335.51
Marketable securities at cost or market, whichever is lower, and interest (market value \$1,548,696.70)	1,530,365.01
Accounts receivable —	
Trade customers, less reserve of \$89,983.01 for doubtful accounts.....	\$ 153,363.22
Miscellaneous, less reserve of \$6,404.02 for doubtful accounts..	44,146.47
	197,509.69
Inventories at cost or market, whichever is lower —	
Raw materials.....	\$1,202,021.19
Finished groceries	1,062,950.18
Premiums.....	363,893.70
	2,628,865.07
	\$5,371,075.28

OTHER ASSETS:

Common stock in treasury and held for employees, at cost or market, whichever is lower, less payments of \$16,072.63 thereon (11,350 shares, of which 919 shares are under contract for sale to employees).....	\$ 296,944.41
Loans to employees.....	19,487.30
Cash surrender value of life insurance policies.....	39,563.00
Miscellaneous investments and deposits.....	33,844.09
	389,838.80

JEWEL EMPLOYEES TRUST FUND ASSETS:

Investments at cost or market, whichever is lower, and cash (Jewel employees surety and savings deposits, per contra).....	254,608.80
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DEFERRED CHARGES:

Premiums (at cost) advanced to customers, less reserve of \$498,037.76 for doubtful accounts.....	\$ 892,123.69
Unexpired insurance, expense supplies, etc.....	125,677.96
	1,017,801.65

CAPITAL ASSETS:

(Appraised as of December 31, 1932, when book values were reduced \$404,537.66 to basis of current values, plus subsequent additions at cost.)

Land.....	\$ 342,824.19
Buildings	\$ 863,686.48
Machinery, furniture and fixtures, at plants.....	429,647.18
Branch and store equipment.....	1,375,818.87
	\$2,669,152.53
Less reserve for depreciation.....	1,098,744.68
	1,570,407.85
GOODWILL	1,913,232.04
	1.00
	\$8,946,557.57

CO., INC.

Virginia Corporations)

SHEET, DECEMBER 29, 1934

LIABILITIES

CURRENT LIABILITIES:

Letters of credit and acceptances.....	\$ 119,788.66
Accounts payable, trade.....	165,466.66
Dividends payable, January 15, 1935	201,486.75
Accrued wages and bonuses.....	327,506.26
Federal, state and other taxes accrued.....	328,217.43
Trading stamps outstanding, etc.....	51,119.09
	<hr/>
	\$1,193,584.85

JEWEL EMPLOYEES SURETY AND SAVINGS DEPOSITS:

Principal and interest guaranteed by Jewel Tea Co., Inc.	
(Jewel employees trust fund assets, per contra)	254,608.80

RESERVES:

For contingencies.....	\$ 285,000.00
For automobile accident and fire losses.....	167,542.44
For alterations, improvement and development.....	249,745.96
	<hr/>
	702,288.40

CAPITAL STOCK AND SURPLUS:

Common stock, no par value —	
Authorized.....	300,000 shares
Unissued.....	20,000 shares
	<hr/>
Issued and outstanding.....	280,000 shares
Earned surplus, per annexed statement	\$4,935,462.34
Whereof \$296,944.41 represents the cost of 11,350 shares of common stock (after deducting payments of \$16,072.63 received on 919 shares under con- tract for sale to employees) reacquired for sale to employees and carried as an asset, the market value of which is \$619,527.37.	1,860,613.18
	<hr/>
	6,796,075.52

CONTINGENT LIABILITIES:

Under contracts for coffee and other commodities not shipped at December 29, 1934.....	\$743,447.06
	<hr/>
	\$8,946,557.57

JEWEL TEA CO., INC.

(New York and West Virginia Corporations)

CONSOLIDATED INCOME AND SURPLUS ACCOUNT

For the Year Ended December 29, 1934

NET SALES..... \$17,217,176.94

DEDUCT:

Cost of Sales — including raw materials, labor, supplies, operating expenses, etc.....	\$14,306,135.66
Depreciation — of buildings, machinery, furniture and fixtures, and automobiles.....	348,108.98
Taxes — Federal and state income, franchise, capital stock, excise, floor stock, cosmetics, sales, occupational, chain store, gasoline, mileage, personal property and real estate taxes, and automobile and business licenses.....	589,069.52
Provision for doubtful accounts.....	169,258.98
Rents.....	364,848.20
Maintenance and repairs.....	122,043.99
Reserves — additions to:	
Contingencies	\$100,000.00
Automobile accident and fire losses.....	25,000.00
Alterations, improvement and development.....	242,757.00
	367,757.00

16,267,222.33

\$ 949,954.61

ADD:

Other Income:	
Interest on securities.....	\$ 53,408.99
Profits on securities (net).....	109,911.72
Other miscellaneous income.....	129,847.69
	293,168.40

NET PROFIT FOR THE YEAR.....

\$ 1,243,123.01

EARNED SURPLUS, December 30, 1933.....

1,540,635.76

\$ 2,783,758.77

DEDUCT:

Dividends on common stock (\$3.50 per share).....	\$ 936,938.00
Less adjustments arising from sale of common stock to employees.....	13,792.41
	923,145.59

EARNED SURPLUS, December 29, 1934.....

\$ 1,860,613.18

AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS,
JEWEL TEA CO., INC.:

We have made an examination of the consolidated balance sheet of Jewel Tea Co., Inc. (a New York Corporation) and its subsidiary Company, Jewel Tea Co., Inc. (a West Virginia Corporation) as at December 29, 1934, and of the consolidated income and surplus account for the year then ended. In connection therewith, we examined or tested the accounting records of the Companies and other supporting evidence, and obtained information and explanations from officers and employees; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying consolidated balance sheet and related consolidated income and surplus account fairly present, in accordance with accepted principles of accounting consistently maintained by the Companies during the year under review, their consolidated position at December 29, 1934, and the consolidated results of their operations for the year then ended.

Chicago, Illinois
January 28, 1935

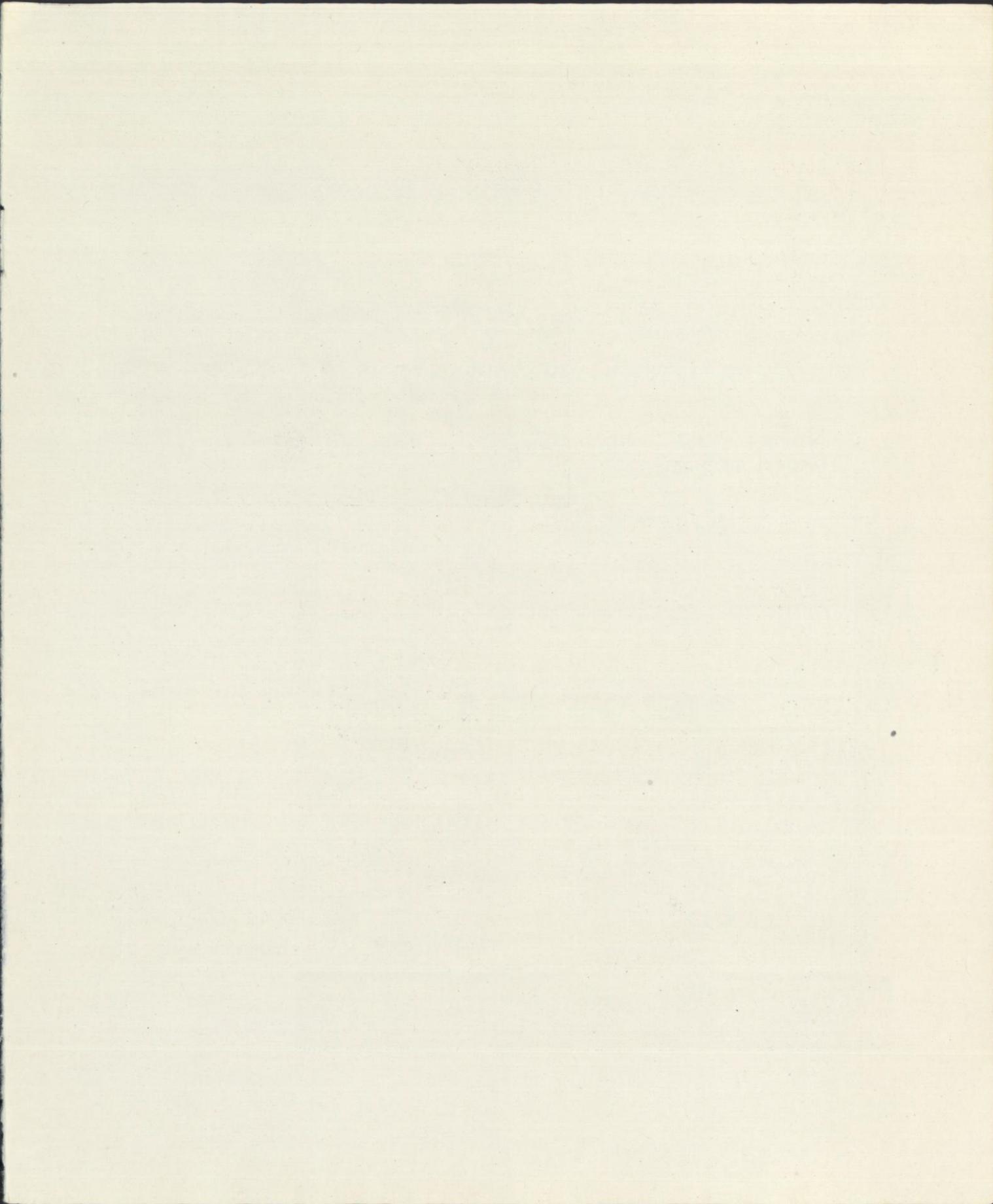
TOUCHE, NIVEN & CO.
Public Accountants

JEWEL TEA CO., INC.

TABLE OF COMPARATIVE SALES AND EARNINGS

YEAR	UNITS IN OPERATION END OF YEAR		SALES	EARNINGS	
	STORES	WAGONS		AMOUNT	PER SHARE ON COMMON STOCK*
1921	—	1,005	\$11,210,388	\$ 321,457	\$1.15
1922	—	994	10,240,810	152,149	.54
1923	—	998	12,554,875	624,200	2.23
1924	—	1,030	13,602,745	855,076	3.05
1925	—	1,059	14,178,478	838,947	3.00
1926	—	1,090	14,568,258	1,258,052	4.49
1927	—	1,096	14,532,336	1,261,391	4.50
1928	—	1,121	15,970,893	1,530,888	5.47
1929	—	1,215	16,844,110	1,691,302	6.04
1930	—	1,280	15,521,791	1,705,293	6.09
1931	—	1,334	13,742,691	1,363,780	4.87
1932	85	1,340	14,662,252	1,053,626	3.76
1933	84	1,385	14,377,593	909,325	3.25
1934	87	1,462	17,217,177	1,243,123	4.44

*Based on 280,000 shares.



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methods of
distribution

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Direct to the Home



One of the Clean,
White, JEWEL
Food Stores in
Chicagoland